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Livingston Intergovernmental Commission
Annual Financial Statements

As of December 31, 2008 and for the Year Then Ended

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/25/09

LEROY J. CHUSTZ
Certified Public Accountant
A Professional Accounting Corporation

Livingston Intergovernmental Commission
Annual Financial Statements

As of December 31, 2008 and for the Year Then Ended

Livingston Intergovernmental Commission
Annual Financial Statements
As of and for the Year Ended December 31, 2008
With Supplemental Information Schedules

TABLE OF CONTENTS

	Statement	Page
Independent Auditors' Report on the Financial Statements		5
Required Supplemental Information (Part I):		
Management's Discussion and Analysis		8
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets	A	16
Statement of Activities	B	17
Fund Financial Statements:		
Governmental Fund Financial Statements:		
Balance Sheet	C	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	E	22
Reconciliation of the Change in Fund Balances of Governmental Funds to the Statement of Activities	F	24
Notes to the Financial Statements		26

Livingston Intergovernmental Commission
Annual Financial Statements
As of and for the Year Ended December 31, 2008
With Supplemental Information Schedules

TABLE OF CONTENTS

	Schedule	Page
Required Supplemental Information (Part II):		
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual General Fund	1	40
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual Derailment Operating Expense Fund	2	41
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual Derailment Health Surveillance Fund	3	42
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual Derailment Environmental Surveillance Fund	4	43
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual Derailment Thirty-Year Indemnity Fund	5	44
Schedule of Compensation Paid to Board Members	6	45
Other Reports:		
Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Governmental Audit Standards</i>		47
Schedule of Findings and Questioned Costs		49
Schedule of Prior Year Findings		51
Governance Letter		52

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

**Board Members of
Livingston Intergovernmental Commission
Livingston, Louisiana**

I have audited the accompanying basic financial statements of the governmental activities and each major fund of **Livingston Intergovernmental Commission**, a component unit of the Town of Livingston, as of and for the year ended December 31, 2008 which collectively compromise the Commission's basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of **Livingston Intergovernmental Commission's** management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*. Those standards and the guide require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audit provides a reasonable basis for my opinion and the respective changes in financial position for the year then ended.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the **Livingston Intergovernmental Commission**, as of and for the year ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 6, 2009, on my consideration of the **Livingston Intergovernmental Commission** internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Management's discussion and analysis and the other Required Supplemental Information on pages 7 through 14 and 39 through 45, respectively, are not a required part of the basic financial statements, but are supplemental information required by the Government Auditing Standards Board and others. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of supplemental information. However, I did not audit the information and express no opinion on it.

Leroy J. Chustz

Certified Public Accountant
A Professional Accounting Corporation
February 6, 2009

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Required Supplemental Information (Part I)
Management's Discussion and Analysis

Livingston Intergovernmental Commission
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2008

Introduction

Livingston Intergovernmental Commission (the Commission) is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), and related standards.

The Commission's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Commission's financial activity, (c) identify changes in the Commission's financial position, (d) identify any significant variations from the Commission's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Commission's financial statements.

Financial Highlights

- At December 31, 2008, the Commission's assets exceeded its liabilities by \$5,797,873 (net assets). Of this amount, \$3,619 (unrestricted net assets) may be used to meet the Commission's ongoing obligations to its citizens at the Commission's discretion, and \$5,794,254 (restricted net assets) may be used to meet the Commission's ongoing obligations to its citizens with certain restrictions.
- For the year ended December 31, 2008, the Commission's total net assets increased by \$97,537, or approximately two percent.
- At December 31, 2008, the Commission's governmental funds reported combined ending fund balances of \$5,388,313, a increase of \$112,278 for the year. Less than one percent of this amount or \$3,619, is available for spending at the Commission's discretion (unreserved fund balances), and over 99 percent, or \$5,384,694, is available for spending with restriction (reserved fund balances).

Overview of the Annual Financial Report

The financial statement focus is on both the Commission as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the Commission's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the Commission's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Livingston Intergovernmental Commission
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2008

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances in a manner similar to a private-sector business.

The Statement of Net Assets presents information on the Commission's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, the increases or decreases in net assets and changes in the components of net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Activities presents information showing how the Commission's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various activities that are supported by the Commission's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services.

In both of the government-wide financial statements, the Commission's activities are of a single type:

- Governmental activities - All of the Commission's basic services are reported here and are financed primarily through investment revenue.

The government-wide financial statements include the Livingston Intergovernmental Commission (component unit of the Town of Livingston, Louisiana) only and can be found on pages 16 through 17 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Commission uses a single category of funds to account for financial transactions: governmental funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental funds are used to account for most of the Commission's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Commission's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's programs. The basic governmental fund financial statements begin on page 19 of this report.

Livingston Intergovernmental Commission

Management's Discussion and Analysis As of and for the Year Ended December 31, 2008

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Commission's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The reconciliations can be found on pages 20 and 22 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 24 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Commission's net assets for the current year as compared to the prior year.

Net Assets 2008 and 2007

	Governmental Activities		Variance	
	2008	2007	Dollar	Percentage
Assets:				
Current and Other Assets	\$ 5,395,609	\$ 5,282,599	113,010	2%
Capital Assets	422,049	436,143	(14,094)	-3%
Total Assets	5,817,658	5,718,742	98,916	2%
Liabilities:				
Long-Term Debt Outstanding	12,489	11,842	647	5%
Other Liabilities	7,296	6,564	732	11%
Total Liabilities	19,785	18,406	1,379	7%
Net Assets:				
Invested in Capital Assets, Net of Related Debt	422,049	436,143	(14,094)	-3%
Restricted	5,372,205	5,260,641	111,564	2%
Unrestricted	3,619	3,552	67	2%
Total Net Assets	\$ 5,797,873	\$ 5,700,336	97,537	2%

Approximately seven percent of the Commission's net assets reflects its investment in capital assets (land, buildings, furniture and equipment) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the Commission's investment in its capital assets is reported net of related debt, it should be noted the Commission does not currently hold any long term debt on the capital assets.

Approximately 93 percent of the Commission's net assets represent resources that are subject to external restriction on how they may be used. The Commission's restricted net assets consist of reserves required by a

Livingston Intergovernmental Commission

Management's Discussion and Analysis As of and for the Year Ended December 31, 2008

court settlement to be used only for operating expenses, health surveillance, environmental surveillance, and thirty-year indemnity.

Approximately less than one percent of the Commission's net assets are unrestricted and may be used to meet the Commission's ongoing obligations to its citizens at the Commission's discretion.

At the end of the current fiscal year, the Commission was able to report a positive balance in its sole category of net assets, governmental activities. The same held true for the prior fiscal year. The Commission's activities increased its total net assets by \$97,537, the total increase attributable to its governmental activities.

In order to further understand what makes up the changes in net assets, the following table provides a summary of the results of the Commission's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table.

Changes in Net Assets For the years ended December 31, 2008 and 2007

	Governmental Activities		Variance	
	2008	2007	Dollar	Percentage
Revenues:				
Program Revenues:				
Charges for Services	\$ -	\$ -	\$ -	0%
General Revenues:				
Interest Income	165,284	144,980	20,304	14%
Unrealized Gain (Loss)	168,668	199,425	(30,757)	-15%
Total Revenues	<u>333,952</u>	<u>344,405</u>	(10,453)	-3%
Expenses:				
General and Administrative	-	125	(125)	-100%
Derailment Operating Expenses	62,929	58,186	4,743	8%
Derailment Health Surveillance	45,248	98,580	(53,332)	-54%
Derailment Environmental Surveillance	128,238	112,527	15,711	14%
Derailment Thirty-Year Indemnity	-	-	-	0%
Total Expenses	<u>236,415</u>	<u>269,418</u>	(33,003)	-12%
Change in Net Assets Before Transfers	97,537	74,987	22,550	30%
Transfers In (Out)	-	(91,954)	91,954	100%
Change in Net Assets	97,537	(16,967)	114,504	-675%
Net Assets, Beginning	5,700,336	5,717,303	(16,967)	0%
Net Assets, Ending	<u>\$ 5,797,873</u>	<u>\$ 5,700,336</u>	97,537	2%

Livingston Intergovernmental Commission
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2008

Governmental Activities

The Commission's governmental net assets increased by \$97,537 or approximately two percent of the prior year ending net assets, to \$5,797,873. The increase in net assets is more than the change in net assets before transfers in the prior year by approximately thirty percent or \$20,000. Decreases in the Health Surveillance expenses, primarily due to the discontinuation of medical director contract expenses of \$50,000, combined with the reduced income from investments from changes in market value by approximately \$30,000 or fifteen percent were the primary factors creating this change.

Fund Financial Analysis

As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Commission's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Commission's net resources available for spending at the end of the year.

At the end of the current year, the Commission's governmental funds reported combined ending fund balances of \$5,388,313, \$5,384,694 of this amount is fully reserved by the aforementioned court order and \$3,619 of which, was unreserved and available for spending at the Commission's discretion.

Major Governmental Fund Budgetary Highlights

Livingston Intergovernmental Commission demonstrated legal compliance by adopting and amending its budget in accordance with provisions of the Local Government Budget Act. As required by state law, actual revenues and other sources were within five percent of budgeted revenues and other sources, and actual expenditures and other uses did not exceed budgeted expenditures and other uses by five percent.

Livingston Intergovernmental Commission
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2008

Capital Assets and Debt Administration

Capital Assets

The Commission's investment in capital assets for its governmental activities as of December 31, 2008 amounts to \$422,049 (net of accumulated depreciation). The total decrease in the Commission's investment in capital assets for the current fiscal year was \$14,094 (net of accumulated depreciation).

The following table provides a summary of the Commission's capital assets (net of accumulated depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 7 to the financial statements on page 33 of this report.

Capital Assets (Net of Depreciation)
2008 and 2007

Capital Assets	Governmental Activities	
	2008	2007
Land	\$ 104,054	\$ 104,054
Buildings and Improvements	536,752	536,752
Machinery and Equipment	53,259	52,096
Furniture and Fixtures	9,012	9,012
Subtotal Capital Assets	703,077	701,914
Less: Accumulated Depreciation	(281,028)	(265,771)
Capital Assets, Net	\$ 422,049	\$ 436,143

Livingston Intergovernmental Commission
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2008

Long-Term Debt

At December 31, 2008, the Commission had total debt outstanding of \$12,489. Of this total, none is due within one year and \$12,489 is due within greater than one year. The following table provides a summary of the Commission's outstanding debt at the end of the current year as compared to the prior year. For more detailed information, see Note 13 to the financial statements on page 35 of this report.

Outstanding Debt
2008 and 2007

	Governmental Activities	
	2008	2007
Compensated Absences	\$ 12,489	\$ 11,842
Total Outstanding Debt	<u>\$ 12,489</u>	<u>\$ 11,842</u>

Other Factors Affecting the Commission

The Commission's management approach is fiscally conservative; however, due to the expendable nature of the trust funds originally created as a result of the Illinois Central Gulf Railroad Company and Combustion, Inc. settlements, the Commission generally operates with expenditures in excess of revenues. The Commission has an adequate asset base of cash and investments to absorb these excess expenditures for a considerable period of time, but remains sensitive to fluctuations in interest rates and investment valuations, as its cash and other investments are ordinarily its sole source of revenue.

Contacting the Commission's Financial Management

This financial report is designed to provide the Commission's users with a general overview of the Commission's finances and show the Commission's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to Livingston Intergovernmental Commission at 13960 Florida Boulevard, Post Office Box 609, Livingston, Louisiana 70754. The Commission's telephone number is (225) 686-2677.

Basic Financial Statements

Government-Wide Financial Statements

Livingston Intergovernmental Commission

Statement A

**Statement of Net Assets
As of December 31, 2008**

	<u>Primary Governmental Activities</u>
Assets	
Current Assets:	
Cash & Cash Equivalents	\$ 716,051
Investments	4,665,862
Accrued Interest Receivable	<u>13,696</u>
Total Current Assets	<u>5,395,609</u>
Capital Assets:	
Land	104,054
Capital Assets, Net	<u>317,995</u>
Total Capital Assets	<u>422,049</u>
Liabilities	
Current Liabilities:	
Accounts Payable	3,722
Accrued Expenses Payable	3,574
Compensated Absences Payable	<u>-</u>
Total Current Liabilities	<u>7,296</u>
Long-Term Liabilities:	
Compensated Absences Payable	<u>12,489</u>
Total Long Term Liabilities	<u>12,489</u>
Total Liabilities	<u>19,785</u>
Net Assets	
Invested in Capital Assets, Net	422,049
Restricted for:	
Derailment Operating Expenses	524,139
Derailment Health Surveillance	2,806
Derailment Environmental Surveillance	824,141
Derailment Thirty-Year Indemnity	4,021,119
Unrestricted	<u>3,619</u>
Total Net Assets	\$ <u><u>5,797,873</u></u>

The accompanying notes are an integral part of this financial statement.

Livingston Intergovernmental Commission

Statement B

**Statement of Activities
For the Year Ended As of December 31, 2008**

	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net Revenue (Expense) and Changes in Net Assets Governmental Activities</u>
Governmental Activities			
General & Administrative Expenses	\$ -	\$ -	\$ -
Derailment Operating Expenses	62,929	-	(62,929)
Derailment Health Surveillance	45,248	-	(45,248)
Derailment Environmental Surveillance	128,238	-	(128,238)
Derailment Thirty-Year Indemnity	-	-	-
Total Governmental Activities	<u>\$ 236,415</u>	<u>-</u>	<u>(236,415)</u>
General Revenues			
Net Increase in Fair Value Of Investments			168,668
Interest Income			165,284
Operating Transfers In (Out)			-
Total General Revenues			<u>333,952</u>
Change in Net Assets			97,537
Net Assets, Beginning of Year			<u>5,700,336</u>
Net Assets, End of Year			<u>5,797,873</u>

The accompanying notes are an integral part of this financial statement.

Basic Financial Statements
Fund Financial Statements
Governmental Fund Financial Statements

Livingston Intergovernmental Commission

**Balance Sheet
Governmental Funds
As of December 31, 2008**

	<u>General Fund</u>	<u>Derailment Operating Expense</u>	<u>Derailment Health Surveillance</u>
Assets			
Cash & Cash Equivalents	\$ 3,619	\$ 220,031	\$ 2,268
Investments	-	302,787	17
Accrued Interest Receivable	-	4,052	-
Due From Other Funds	-	15,746	10,000
Total Assets	<u>\$ 3,619</u>	<u>\$ 542,616</u>	<u>\$ 12,285</u>
Liabilities & Fund Balance			
Liabilities:			
Accounts Payable	\$ -	\$ 480	\$ 699
Accrued Expenses Payable	-	3,575	-
Due To Other Funds	-	10,000	8,780
Total Liabilities	<u>-</u>	<u>14,055</u>	<u>9,479</u>
Fund Balance:			
Unreserved Fund Balances	3,619	-	-
Reserved Fund Balances	-	528,561	2,806
Total Fund Balance	<u>3,619</u>	<u>528,561</u>	<u>2,806</u>
Total Liabilities & Fund Balance	<u>\$ 3,619</u>	<u>\$ 542,616</u>	<u>\$ 12,285</u>

The accompanying notes are an integral part of this financial statement.

Statement C

<u>Derailment Environmental Surveillance</u>	<u>Derailment Thirty-Year Indemnity</u>	<u>Total Governmental Funds</u>
\$ 238,675	\$ 251,458	\$ 716,051
593,397	3,769,661	4,665,862
9,644	-	13,696
-	-	25,746
<u>\$ 841,716</u>	<u>\$ 4,021,119</u>	<u>\$ 5,421,355</u>

\$ 2,543	\$ -	\$ 3,722
-	-	3,575
<u>6,965</u>	<u>-</u>	<u>25,745</u>
<u>9,508</u>	<u>-</u>	<u>33,042</u>

-	-	3,619
<u>832,208</u>	<u>4,021,119</u>	<u>5,384,694</u>
<u>832,208</u>	<u>4,021,119</u>	<u>5,388,313</u>
<u>\$ 841,716</u>	<u>\$ 4,021,119</u>	<u>\$ 5,421,355</u>

Livingston Intergovernmental Commission

Statement D

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
As of December 31, 2008**

Total Fund Balances, Governmental Funds (Statement C)	\$ 5,388,313
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. These assets consist of:

Governmental capital assets, net of depreciation	422,049
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Long-term liabilities including compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds

Compensated absences payable	(12,489)
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Net Assets, Governmental Activities (Statement A)	\$ <u>5,797,873</u>
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The accompanying notes are an integral part of this financial statement.

Livingston Intergovernmental Commission

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended As of December 31, 2008**

	<u>General Fund</u>	<u>Derailment Operating Expense</u>	<u>Derailment Health Surveillance</u>
Revenues			
Investment Income:			
Interest	\$ 67	\$ 23,318	\$ 198
Net Increase in Fair Investment	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>67</u>	<u>23,318</u>	<u>198</u>
Expenditures			
Salaries	-	24,627	-
Benefits	-	5,457	-
Payroll Taxes	-	1,783	-
Commissioner Per Diem	-	9,225	-
Insurance	-	1,016	1,865
Other Operating	-	3,413	13,590
Professional Fees	-	9,132	117
Repairs & Maintenance	-	1,851	3,333
Site Surveillance	-	-	-
Supplies	-	878	185
Surveillance Contracts	-	-	-
Telephone	-	1,035	2,087
Utilities	-	3,295	10,714
Net Decrease in Fair Value Of Investments	-	3,375	19
Capital Outlay	<u>-</u>	<u>1,163</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>66,250</u>	<u>31,910</u>
Excess Revenues (Expenditures)	<u>67</u>	<u>(42,932)</u>	<u>(31,712)</u>
Other Financing Sources (Uses)			
Operating Transfers In	-	-	10,000
Operating Transfers Out	<u>-</u>	<u>(10,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(10,000)</u>	<u>10,000</u>
Net Change in Fund Balances	67	(52,932)	(21,712)
Fund Balance, Beginning of Year	<u>3,552</u>	<u>581,493</u>	<u>24,518</u>
Fund Balance, End of Year	<u>\$ 3,619</u>	<u>\$ 528,561</u>	<u>\$ 2,806</u>

The accompanying notes are an integral part of this financial statement.

Statement E

<u>Derailment Environmental Surveillance</u>	<u>Derailment Thirty-Year Indemnity</u>	<u>Total</u>
\$ 37,881	\$ 103,820	\$ 165,284
379	171,683	172,062
<u>38,260</u>	<u>275,503</u>	<u>337,346</u>
56,667	-	81,294
6,943	-	12,400
4,344	-	6,127
-	-	9,225
2,360	-	5,241
21	-	17,024
10,049	-	19,298
280	-	5,464
20,343	-	20,343
187	-	1,250
21,000	-	21,000
1,044	-	4,166
3,670	-	17,679
-	-	3,394
-	-	1,163
<u>126,908</u>	<u>-</u>	<u>225,068</u>
<u>(88,648)</u>	<u>275,503</u>	<u>112,278</u>
-	-	10,000
<u>-</u>	<u>-</u>	<u>(10,000)</u>
<u>-</u>	<u>-</u>	<u>-</u>
(88,648)	275,503	112,278
920,856	3,745,616	5,276,035
<u>\$ 832,208</u>	<u>\$ 4,021,119</u>	<u>\$ 5,388,313</u>

Livingston Intergovernmental Commission

Statement F

**Reconciliation of the Change in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended As of December 31, 2008**

Total Net Change in Fund Balances, Governmental Funds, Statement E	\$ 112,278
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	1,163
Less:	
Current year depreciation	(15,257)

Compensated Absences payable after one year are not recorded as an expenditure in the governmental funds, but they are recorded as an expenditure in the statement of activities

Change in compensated absences payable	(647)
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Change in Net Assets, Governmental Activities, Statement B	\$ <u>97,537</u>
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The accompanying notes are an integral part of this financial statement.

Basic Financial Statements

Notes to the Financial Statements

Livingston Intergovernmental Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

Introduction

Livingston Intergovernmental Commission (the Commission) is a joint commission established December 4, 1985 between the Livingston Parish Council and the Town of Livingston as authorized by Article VI, Section 20 of the Louisiana Constitution of 1974 and Title 33, Section 1324 of the Louisiana Revised Statutes of 1950, to be recognized as a body corporate pursuant to Title 33, Section 1332 of the Louisiana Revised Statutes of 1950, and as a body corporate and politic and political subdivision of the State of Louisiana pursuant to Title 33, Section 1334(D) of the Louisiana Revised Statutes of 1950, as defined in Article VI, Section 44 of the Louisiana Constitution of 1954, with all rights, powers, and authority granted to political subdivisions of the state under the constitution and general laws of the state including, but not limited to, the provisions of Title 31, Section 149 of the Louisiana Revised Statutes of 1950.

The Commission is located in the Town of Livingston. The Commission's purpose is to provide general health screenings, a monitoring program of the derailment site and public service benefits to the residents of the Town of Livingston as a consequence of the Illinois Central Gulf Railroad Company train derailment which occurred in the Town of Livingston on September 28, 1982. In March 1999, the Commission also began administering a health surveillance program at its medical facility as a consequence of the Combustion, Inc. class action settlement. The Combustion Inc. health surveillance program was completed and terminated effective March 1, 2004. On March 31, 2004 the Commission committed to a three year contract to provide continued medical services to be funded out of the Health Surveillance Fund as described in footnote 8. That contract has now expired.

The Commission is composed of five board members appointed as follows: (1) the President of the Livingston Parish Council or his duly appointed designee who shall reside in the area evacuated as a result of the derailment, (2) the Mayor of the Town of Livingston, (3) one member either appointed by the Livingston Parish Council who shall reside in the area evacuated as a result of the derailment or who shall be the Councilman who officially represents the Council district in which the Town of Livingston is situated, (4) one member nominated by the Mayor of the Town of Livingston and approved by a majority vote of the Board of Aldermen of the Town of Livingston, and (5) one member appointed by at least three of the four previously appointed members who shall reside in the area evacuated as a result of the evacuation. Board members receive per diem compensation for each meeting attended.

The Commission employs one full-time employee for administrative duties and one full-time employee for environmental surveillance duties in addition to the five board members described above.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, Livingston Intergovernmental Commission is considered a component unit of the Town of Livingston, Louisiana. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended within those financial statements or separately reported as discrete component units.

Livingston Intergovernmental Commission

Notes to the Financial Statements As of and for the Year Ended December 31, 2008

1. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of Livingston Intergovernmental Commission. For the most part, the effect of interfund activity has been removed from these statements. The Commission does not have any business-type activities and reports only governmental activities. Governmental activities are supported by funds awarded as a result of legal settlements, and from revenues earned by these legally restricted investments.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. All individual governmental funds are reported as separate columns in the fund financial statements

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Interest on investments and the change in fair value of the investments is recorded as earned. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Commission reports the following governmental funds:

The *General Fund* accounts for all financial resources of the Commission except those required to be accounted for in another fund.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Livingston Intergovernmental Commission

Notes to the Financial Statements As of and for the Year Ended December 31, 2008

Both the General Fund used to account for financial resources of the Livingston Intergovernmental Commission, and Special Revenue funds, because of legal restrictions on the distribution of funds, are reported as major governmental funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. The Commission reports primarily general revenues consisting of interest on investments and the change in fair value of the investments, which are restricted per court order.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits and Investments

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Commission's investment policy allow the Commission to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Investments for the Commission are reported at fair market value.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

E. Inventories and Prepaid Items

All inventories, when held, are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Livingston Intergovernmental Commission

Notes to the Financial Statements As of and for the Year Ended December 31, 2008

F. Restricted Assets

Certain proceeds of specific revenue sources that are legally restricted to expenditures for a specified purpose are classified as restricted assets because their use is limited to specific expenditures.

G. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Commission maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 40 Years
Machinery and Equipment	5 - 15 Years
Furniture and Fixtures	5 - 12 Years

H. Compensated Absences

The Commission has the following policy related to vacation and sick leave:

All regular employees, after one year of employment, are entitled to annual vacation and sick leave as follows:

	<u>Years of Service</u>			
	1	2	3	5+
Vacation Hours of Leave per Year	40	80	120	160
Sick Hours of Leave per Year	80	80	80	80

Only 40 hours of vacation leave may be carried forward at year end. Accumulated vacation leave is fully vested. Commission employees may accumulate an unlimited amount of sick leave hours. Accumulated sick leave is fully vested.

In accordance with GASB-16, *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave that would not otherwise be convertible into retirement.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well

Livingston Intergovernmental Commission

Notes to the Financial Statements As of and for the Year Ended December 31, 2008

as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

M. Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expense, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

2. Stewardship, Compliance, and Accountability

Budget Information

Livingston Intergovernmental Commission uses the following budget practices:

1. The Commission's secretary prepares a proposed budget and submits same to the Board of Commissioners no later than fifteen days prior to the beginning of each fiscal year.
2. The public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

Livingston Intergovernmental Commission

Notes to the Financial Statements As of and for the Year Ended December 31, 2008

3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the general fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) and are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

3. Cash and Cash Equivalents

At December 31, 2008, the Commission has cash and cash equivalents (book balances) as follows:

Cash on Hand	\$	20
Demand Deposits		184
Interest-Bearing Government Money Market Deposits		715,847
	\$	<u>716,051</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2008, the Commission has \$715,847 in money market deposits secured by U.S. Government securities. The remaining deposits shown above are fully secured by federal deposit insurance.

4. Investments

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Commission or its agent in the Commission's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Commission's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Commission's name.

All investments held by the Commission fall into category 1 credit risk, defined as: "insured or registered, or securities held by the Commission or its agent in the Commission's name." In accordance with GASB-31,

Livingston Intergovernmental Commission

Notes to the Financial Statements **As of and for the Year Ended December 31, 2008**

Accounting and Financial Reporting for Certain Investments and for External Investment Pools, all investments are carried at fair value, with the estimated fair market value based on quoted market prices.

At December 31, 2008 the Commission's investment balances consisted of the following:

	<u>Maturity Date</u>	<u>Carrying Amount</u>	<u>Fair Market Value</u>
Government National Mortgage Association (GNMA)	January 15, 2009	\$ 17	\$ 17
	August 20, 2010	675	675
	August 20, 2010	975	975
		<u>1,667</u>	<u>1,667</u>
Federal National Mortgage Association (FNMA)	April 29, 2009	111,272	111,272
	April 29, 2009	131,503	131,503
	August 12, 2011	50,157	50,157
	August 25, 2014	171,540	171,540
		<u>464,472</u>	<u>464,472</u>
Federal Home Loan Mortgage Corporation (FHLMC)	July 18, 2011	109,656	109,656
	July 16, 2013	200,254	200,254
	July 16, 2013	120,152	120,152
		<u>430,062</u>	<u>430,062</u>
United States Treasury Bonds (STRIPS)	August 15, 2009	153,757	153,757
	August 15, 2010	161,844	161,844
	August 15, 2011	237,016	237,016
	August 15, 2012	237,410	237,410
	August 15, 2013	241,712	241,712
		<u>1,031,739</u>	<u>1,031,739</u>
Certificates of Deposit	August 31, 2009	99,552	99,552
	August 31, 2009	99,500	99,500
	August 31, 2009	98,494	98,494
	December 18, 2009	98,898	98,898
	March 15, 2010	99,657	99,657
	March 30, 2010	100,018	100,018
	April 30, 2010	99,226	99,226
	May 24, 2010	99,867	99,867

Livingston Intergovernmental Commission

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2008**

	May 26, 2010	98,003	98,003
	August 30, 2010	93,212	93,212
	September 20, 2010	97,640	97,640
	September 21, 2010	97,325	97,325
Certificates of Deposit (continued)	December 6, 2010	98,879	98,879
	December 27, 2010	98,524	98,524
	June 1, 2011	97,975	97,975
	August 15, 2011	100,381	100,381
	August 29, 2011	100,400	100,400
	October 29, 2011	100,331	100,331
	September 7, 2011	91,673	91,673
	November 25, 2011	100,084	100,084
	December 12, 2011	99,441	99,441
	March 26, 2012	97,229	97,229
	May 29, 2012	97,732	97,732
	August 29, 2012	91,592	91,592
	August 29, 2012	91,592	91,592
	March 19, 2013	94,439	94,439
	August 29, 2013	99,257	99,257
	December 30, 2013	97,001	97,001
		<u>2,737,922</u>	<u>2,737,922</u>
	Total	<u>\$ 4,665,862</u>	<u>\$ 4,665,862</u>

All investments are stated on the balance sheet (carrying value) at market value. All investments are in the name of the Commission and are held at the Commission's office. Because these investments are in the name of the Commission and are held by the Commission or the Commission's agent, the investments are considered insured and registered, Category (1), in applying the credit risk of GASB Codification Section I50.164.

Interest Rate Risk: The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

5. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and the period aging and write-off of accounts receivable. The Governmental Fund receivables December 31, 2008 consist of the following:

Livingston Intergovernmental Commission

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2008**

Government Receivables	General Fund	Derailment Operating Expense	Derailment Health Surveillance	Derailment Environmental Surveillance	Derailment Thirty-Year Indemnity	Total
Accrued Interest Receivable	-	\$ 4,052.00	-	\$ 9,644.00	-	\$13,696.00
Total Government Receivables	-	\$ 4,052.00	-	\$ 9,644.00	-	\$13,696.00

6. Interfund Receivables and Payables

The following is a detailed list of interfund balances reported in the fund financial statements on December 31, 2008:

Interfund Balances	Due From Other Funds	Due To Other Funds
General Fund	\$ -	\$ -
Derailment Operating Expense Fund	15,746	10,000
Derailment Health Surveillance Fund	10,000	-
Derailment Environmental Surveillance Fund	-	6,965
Thirty-Year Indemnity Fund	-	-
Total Interfund Balances	\$ 25,746	\$ 16,965

The reason for the interfund receivables/payables balances is certain shared expenses are paid in their entirety from the Derailment Health Surveillance Fund, and the other funds noted above repay the Derailment Health Surveillance Fund each month.

7. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2008 for governmental activities is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities Capital Assets:				
Capital Assets Not Being Depreciated:				
Land	\$ 104,054	\$ -	\$ -	\$ 104,054
Total Capital Assets Not Being Depreciated	104,054	-	-	104,054
Capital Assets Being Depreciated:				
Building	536,752	-	-	536,752
Equipment	52,096	1,163	-	53,259
Furniture & Fixtures	9,012	-	-	9,012
Total Capital Assets Being Depreciated	597,860	1,163	-	599,023
Less Accumulated Depreciation For:				
Building	214,688	13,571	-	228,259
Equipment	42,095	1,673	-	43,768
Furniture & Fixtures	8,988	13	-	9,001
Total Accumulated Depreciation	265,771	15,257	-	281,028
Capital Assets Being Depreciated, Net	332,089	-14,094	726	317,995
Total Governmental Activities Capital Assets, Net	\$ 436,143	\$ -14,094	\$ 726	\$ 422,049

Livingston Intergovernmental Commission

Notes to the Financial Statements As of and for the Year Ended December 31, 2008

Depreciation was charged to governmental functions as follows:

Derailment Operating Expense Fund	\$ 294
Derailment Health Surveillance Fund	13,357
Derailment Environmental Surveillance Fund	1,606
	<u>\$ 15,257</u>

8. Commitments

The Commission entered into a \$1,550,000 five-year medical services contract in March 1999. Under the terms of this contract, the Commission is to pay \$1,300,000 over five years as follows: \$33,333 monthly in year one, \$20,833 monthly in years two and three, and \$16,667 monthly in years four and five. The terms of the contract also require the Commission to pay \$250,000 over five years as follows: \$4,167 monthly for years one through five. The \$1,300,000 portion of the contract is for medical services related to the Combustion, Inc. health surveillance program, while the \$250,000 portion of the contract is for medical services related to the Illinois Central Gulf Railroad Company health surveillance program. This contract expired effective March 1, 2004, and was partially renewed as described below.

The Commission entered into a \$150,000 three-year medical services contract effective March 1, 2004. Under the terms of this contract, the Commission is to pay \$4,167 monthly for medical services related to the Illinois Central Gulf Railroad Company health surveillance program. The Combustion, Inc. health surveillance program's contract expired effective March 1, 2004, and was not renewed. The new three year contract assured that the medical facility would be open through February 2007. The commission continued the terms of this contract until a new contract was signed on June 27, 2007, effective March 1, 2007.

The contract agreed to in 2007, stipulated that the Commission will provide for the maintenance of the facilities where the health surveillance fund services are provided, the examinations and tests for medical work related to the Livingston Train Derailment health surveillance program and \$50,000 per year to the physicians providing medical services for the facility, until the Health Surveillance Fund fund balance is depleted to \$5,000, at which point the physicians servicing the medical facility shall provide physical plant maintenance and the corresponding payments by the Commission will cease. The length of the contract is for ten years.

During 2008, the fund balance was reduced below 5,000, triggering the discontinuance of medical contract payments. The fund is expected to continue until plans are determined regarding the potential sale of building, which is to be used as a medical facility. No plans for the sale of the building have been finalized as of the date of this report.

The Commission allowed their environmental services contract to expire in 1989, but has continued to purchase the original contractor's services on a monthly basis at the cost of \$1,750 per month. The original contractor retired in October, 2005. The commission entered into an annual contract with an engineering firm to maintain the monitoring program of the derailment site beginning October 21, 2005.

9. Interfund Transfers

The Commission had a transfer from \$10,000 from the Operating Expense Fund to support the Health Insurance Fund operating expenses as the Health Insurance Fund gets closer to winding down until the potential sale of the building takes place.

Livingston Intergovernmental Commission

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2008**

10. Accounts, Salaries, and Other Payables

The Governmental Fund payables at December 31, 2008 are as follows:

Government Receivables	General Fund	Derailment Operating Expense	Derailment Health Surveillance	Derailment Environmental Surveillance	Derailment Thirty-Year Indemnity	Total
Accounts	-	\$ 480.00	\$ 699.00	\$ 2,543.00	-	\$ 3,722.00
Accrued Expenses	-	3,575.00	(1.00)	-	-	3,574.00
Total Government Receivables	-	\$ 4,055.00	\$ 698.00	\$ 2,543.00	-	\$ 7,296.00

11. Short-Term Debt

The Commission had no short-term debt outstanding at December 31, 2008, and had no short-term debt activity during the year then ended.

12. Leases

The Commission records items under capital leases as an asset and an obligation in the accompanying financial statements. The Commission had no capital or operating lease activity during the year ended December 31, 2008.

13. Long-Term Obligations

The following is a summary of the long-term obligation transactions for the year ended December 31, 2008:

	Compensated Absences
Beginning Balance	\$ 11,842
Additions	2,637
Deletions	-1,990
Ending Balance	<u>\$ 12,489</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations:

	Compensated Absences
Current Portion	\$ -
Long-Term Portion	12,489
	<u>\$ 12,489</u>

14. Reserved Fund Balances

Derailment Operating Expense Fund is used to provide annual disbursements for operating expenditures not to exceed current and accumulated revenues. This fund will remain until all contingencies and other special funds have been disbursed and the Commission is dissolved.

Livingston Intergovernmental Commission

Notes to the Financial Statements As of and for the Year Ended December 31, 2008

Derailment Environmental Surveillance Fund is used to provide expert technical advisors to monitor and review all operations on or near the derailment site during the operation by Illinois Central Gulf Railroad Company.

It is now used to fulfill the Commission's responsibility to operate monitoring and detection facilities, to direct and supervise additional detection or recovery operations as indicated, and to comply with all requirements of the closure plan, modifications thereto, and any requirements or regulations imposed by the Louisiana Department of Environmental Quality (DEQ).

Upon notification by the State of Louisiana by DEQ or its successor that the program may be discontinued, fifty percent of any fund balance remaining in this fund will be paid (up to a maximum of \$200,000) to DEQ as reimbursement for costs and expenses incurred in supervising the Commission's operations. The remainder of this fund will be disbursed in the same manner provided for the Contingency Fund, described later.

Any year-end excess of revenues over expenditures may be transferred to the Health Surveillance Fund as deemed necessary by the Commission to continue health surveillance activities.

Derailment Health Surveillance Fund is used to provide an office and physician with staff retained to conduct annual physical examinations of all persons who have resided or presently reside in the area ordered evacuated as a consequence of the derailment.

Upon notification by the Court having jurisdiction of the class action approving the termination of the program after contradictory hearing, any fund balance remaining in this fund will be disbursed in the same manner provided for the Contingency Fund, described later.

During 2008, the fund balance was reduced below \$5,000, triggering the discontinuance of medical contract payments. The fund is expected to continue until plans are determined regarding the potential sale of the building, which is to be used as a medical facility. No plans for the sale of the building have been finalized as of the date of this report.

Derailment Thirty-Year Indemnity Fund is used to respond to all suits, demands, and claims including, but not limited to, the claims of any public entity arising out of the derailment or the associated spill and release of chemicals or the site remediation and cleanup, and to defend, indemnify, and save free and harmless from all such asserted suits, demands, and claims the Illinois Central Gulf Railroad Company, the Elgin, Joliet, and Eastern Railway Company, and all of their past, present, and future directors, officers, agents, servants, employees, insurers, contractors, affiliates, successors, and assigns, and the State of Louisiana and/or any agency thereof. This fund is to be maintained at interest for not less than thirty years from March 17, 1986.

Upon expiration of the thirty-year period, if no claims are pending and if DEQ or its successor has determined and notified the Commission that all site activities may be terminated, then any fund balance remaining in this fund will be disbursed in the same manner provided for the Contingency Fund, described later. However, if any claims are pending or if site activities are continuing at the instance of the State of Louisiana or its agencies when the thirty-year period expires, then the fund may not be dissolved.

Derailment Contingency Fund is used to account for any additional funds received by the Commission from the 21st Judicial District Court Fund in the distribution of settlement proceeds in the derailment class action and will be held in this fund until such time as the court having jurisdiction of the class action proceedings shall determine in contradictory proceedings that this fund or any portion thereof may be released for distribution in the following manner:

Livingston Intergovernmental Commission

Notes to the Financial Statements As of and for the Year Ended December 31, 2008

One-third shall be paid as directed by the Livingston Parish Council for any permitted public purpose for the benefit of residents of Livingston Parish. One-third shall be paid as directed by the Board of Aldermen of the Town of Livingston for any publicly permitted purpose for the benefit of residents of the Town of Livingston. One-third shall be reserved by the Commission for removal of all monitoring equipment and improvement of the derailment site to accommodate its highest and best use for the benefit of the residents of the Town of Livingston, subject to the restrictions and servitude imposed by the transferors of the property and by the agreement.

Any time prior to the termination of the need for monitoring the site activities, the Commission may make special disbursements from this fund with the approval of the 21st Judicial District Court having jurisdiction of the said class action, DEQ, the Livingston Parish Council, and the Board of Aldermen of the Town of Livingston.

On April 30, 2001, the Louisiana 21st Judicial District Court ordered, adjudged, and decreed that the expenditure of those certain funds held by the Livingston Intergovernmental Commission being designated as the Contingency Fund for the purpose of the completion of that certain public park under development in the Town of Livingston designated as Circle Drive Park together with the expenditures for the purchase of equipment and capital improvements for the Livingston Parish Fire District No. 12 and the public water system serving Livingston Parish Fire District No. 12 in order to provide increased fire protection and decreased property insurance premiums for the residents of said fire district an annual basis was hereby approved. This fund is now completely exhausted and inactive.

15. Risk Management

The Commission is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Commission purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Commission's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

16. Contingent Liabilities

At December 31, 2008, the Commission is not involved in any outstanding litigation or claims.

Required Supplemental Information (Part II)
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Major Governmental Funds

Schedule of Compensation Paid to Board Members

Livingston Intergovernmental Commission

Schedule 1

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended As of December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Investment Income				
Interest	\$ 200	\$ 200	\$ 67	\$ (133)
Total Revenues	<u>200</u>	<u>200</u>	<u>67</u>	<u>(133)</u>
Expenditures				
Other operating	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>
Total Expenditures	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>
Excess Revenues (Expenditures)	<u>100</u>	<u>100</u>	<u>67</u>	<u>(33)</u>
Other Financing Sources (Uses)				
Operating Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	100	100	67	(33)
Fund Balance, Beginning of Year	<u>3,552</u>	<u>3,552</u>	<u>3,552</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,652</u>	<u>\$ 3,652</u>	<u>\$ 3,619</u>	<u>\$ (33)</u>

Livingston Intergovernmental Commission

Schedule 2

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Derailment Operating Expense Fund

For the Year Ended As of December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts: GAAP Basis</u>	<u>Variance with Final Budget: Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest Earned	\$ 20,000	\$ 20,000	\$ 23,318	\$ 3,318
Net Change in Fair Value of Investments	-	-	(3,375)	(3,375)
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>19,943</u>	<u>(57)</u>
Expenditures				
Salaries	26,500	26,500	24,627	1,873
Benefits	6,000	6,000	5,457	543
Payroll Taxes	3,000	3,000	1,783	1,217
Commissioner Per Diem	10,000	10,000	9,225	775
Insurance	4,700	1,500	1,016	484
Other Operating	10,000	6,000	3,413	2,587
Professional Fees	18,000	15,000	9,132	5,868
Repairs & Maintenance	1,000	3,000	1,851	1,149
Supplies	1,700	1,700	878	822
Telephone	3,500	1,700	1,035	665
Utilities	7,000	3,500	3,295	205
Capital Expenditures	6,000	2,000	1,163	837
Total Expenditures	<u>97,400</u>	<u>79,900</u>	<u>62,875</u>	<u>17,025</u>
Excess Revenues (Expenditures)	(77,400)	(59,900)	(42,932)	16,968
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	(10,000)	(10,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Net Change in Fund Balances	(77,400)	(69,900)	(52,932)	16,968
Fund Balance, Reserved, Beginning of Year	<u>576,141</u>	<u>581,493</u>	<u>581,493</u>	<u>-</u>
Fund Balance, Reserved, End of Year	<u>\$ 498,741</u>	<u>\$ 511,593</u>	<u>\$ 528,561</u>	<u>\$ 16,968</u>

Livingston Intergovernmental Commission

Schedule 3

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Derailment Health Surveillance Fund

For the Year Ended As of December 31, 2008

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	GAAP Basis	Favorable (Unfavorable)
Revenues				
Interest Earned	\$ -	\$ 150	\$ 198	\$ 48
Net Change in Fair Value of Investments	-	-	(19)	(19)
Total Revenues	-	150	179	29
Expenditures				
Insurance	2,200	2,200	1,865	335
Other Operating	-	14,500	13,590	910
Professional Fees	-	500	117	383
Repairs & Maintenance	8,090	4,000	3,333	667
Surveillance Contracts	-	-	-	-
Supplies	-	500	185	315
Telephone	-	2,500	2,087	413
Utilities	-	10,000	10,714	(714)
Total Expenditures	10,290	34,200	31,891	2,309
Excess Revenues (Expenditures)	(10,290)	(34,050)	(31,712)	2,338
Other Financing Sources (Uses)				
Operating Transfers In	-	10,000	10,000	-
Operating Transfers (Out)	-	-	-	-
Total Other Financing Sources (Uses)	-	10,000	10,000	-
Net Change in Fund Balances	(10,290)	(24,050)	(21,712)	2,338
Fund Balance, Reserved, Beginning of Year	15,290	24,518	24,518	-
Fund Balance, Reserved, End of Year	\$ 5,000	\$ 468	\$ 2,806	\$ 2,338

Livingston Intergovernmental Commission

Schedule 4

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Derailment Environmental Surveillance Fund
For the Year Ended As of December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Interest Earned	\$ 40,000	\$ 25,000	\$ 37,881	\$ 12,881
Net Change in Fair Value of Investments	-	-	379	379
Total Revenues	<u>40,000</u>	<u>25,000</u>	<u>38,260</u>	<u>13,260</u>
Expenditures				
Salaries	59,000	59,000	56,667	2,333
Benefits	6,500	7,500	6,943	557
Payroll Taxes	5,000	5,000	4,344	656
Insurance	3,000	2,500	2,360	140
Other Operating	700	500	21	479
Professional Fees	10,000	10,000	10,049	(49)
Repairs & Maintenance	-	500	280	220
Site Surveillance	27,000	27,000	20,343	6,657
Surveillance Contracts	21,000	21,000	21,000	-
Supplies	1,000	500	187	313
Telephone	1,200	1,200	1,044	156
Utilities	4,500	3,500	3,670	(170)
Total Expenditures	<u>138,900</u>	<u>138,200</u>	<u>126,908</u>	<u>11,292</u>
Excess Revenues (Expenditures)	<u>(98,900)</u>	<u>(113,200)</u>	<u>(88,648)</u>	<u>24,552</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(98,900)</u>	<u>(113,200)</u>	<u>(88,648)</u>	<u>24,552</u>
Fund Balance, Reserved, Beginning of Year	<u>864,306</u>	<u>920,856</u>	<u>920,856</u>	<u>-</u>
Fund Balance, Reserved, End of Year	<u>\$ 765,406</u>	<u>\$ 807,656</u>	<u>\$ 832,208</u>	<u>\$ 24,552</u>

Livingston Intergovernmental Commission

Schedule 5

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Derailment Thirty-Year Indemnity Fund
For the Year Ended As of December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Investment Income				
Interest	\$ 85,000	\$ 101,000	\$ 103,820	\$ 2,820
Net Increase in Fair Value of Investments	25,000	63,000	171,683	108,683
Total Revenues	<u>110,000</u>	<u>164,000</u>	<u>275,503</u>	<u>111,503</u>
Expenditures				
Other operating	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenues (Expenditures)	<u>110,000</u>	<u>164,000</u>	<u>275,503</u>	<u>111,503</u>
Other Financing Sources (Uses)				
Operating Transfers In (Out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>110,000</u>	<u>164,000</u>	<u>275,503</u>	<u>111,503</u>
Fund Balance, Beginning of Year	<u>3,495,683</u>	<u>3,745,616</u>	<u>3,745,616</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,605,683</u>	<u>\$ 3,909,616</u>	<u>\$ 4,021,119</u>	<u>\$ 111,503</u>

**Livingston Intergovernmental Commission
Schedule of Compensation Paid to Board Members
For the year ended December 31, 2008**

Name and Title	Compensation Received
D. Derral Jones, Chairman	\$ 1,875
Randall M. Morgan, Vice-Chairman	1,725
Randall L. Rushing, Secretary/Treasurer	1,575
Roy K. McDonald, Commissioner	1,725
Steve S. Stafford, Commissioner	1,875
	<u>\$ 8,775</u>

Other Reports

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF THE BASIC FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board Members of
Livingston Intergovernmental Commission
Livingston, Louisiana**

I have audited the financial statements of the governmental activities, and each major fund, of the Livingston Intergovernmental Commission, as of and for the year ended December 31, 2008, which collectively comprise the Livingston Intergovernmental Commission's basic financial statements and have issued my report thereon dated February 6, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Livingston Intergovernmental Commission's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Livingston Intergovernmental Commission's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Livingston Intergovernmental Commission's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, I identified a deficiency, in internal control over financial reporting that I consider to be a significant deficiency which is reported as finding 2008-1.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might

be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Livingston Intergovernmental Commission's, financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

This report is intended solely for the information and use of management, Livingston Intergovernmental Commission's Board of Directors, others within the entity, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Leroy J. Chustz

Certified Public Accountant

A Professional Accounting Corporation

February 6, 2009

LIVINGSTON INTERGOVERNMENTAL COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31,

I have audited the basic financial statements of Livingston Intergovernmental Commission as of and for the year ended December 31, 2008, and have issued my report thereon dated February 6, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2008 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No Significant Deficiencies ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

B. Federal Awards ☒ Not Applicable

Internal Control

Material Weaknesses ☐ Yes ☐ No Reportable Conditions ☐ Yes ☐ No

Type of Opinion On Compliance Unqualified ☐ Qualified ☐
For Major Programs Disclaimer ☐ Adverse ☐

Are there findings required to be reported in accordance with Circular A-133, Section .510(a)? ☐ Yes
☐ No

Was a management letter issued? ☐ Yes ☐ No

C. Identification of Major Programs:

CFDA Number(s)

Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$ _____

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? ☐ Yes ☐ No

**LIVINGSTON INTERGOVERNMENTAL COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended December 31, 2008**

Section II Financial Statement Findings

2008-1 Lack of Segregation of Duties (Significant Deficiency)

The Commission has only one administrative employee. Consequently some activities, which are usually considered incompatible, are being performed by the sole administrative employee. The Commission has implemented certain controls such as dual signatures, board review of all invoices prior to approval and payment, and contracting with an accounting firm to perform periodic consulting and annual compilation services. While the board has taken steps to mitigate the inability to properly segregate incompatible responsibilities, there still exists some risk due to the fact that the same person enters invoices for payment, prepares checks, has the ability to sign checks, receives the bank statements directly from the bank and reconciles the bank accounts. The lack of segregation of incompatible duties represents a significant deficiency in the design and implementation of the system of internal controls.

Management's Response

Management has taken steps to mitigate the risks arising from incompatible duties and will continue to explore additional avenues for risk management.

Section III Federal Award Findings and Questioned Costs

NONE

LIVINGSTON INTERGOVERNMENTAL COMMISSION
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2008

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FINANCIAL
STATEMENTS**

2007-1 Repeated as 2008-1

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

NONE

SECTION III MANAGEMENT LETTER

NONE

February 6, 2009

To the Board of Commissioners of
Livingston Intergovernmental Commission

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Livingston Intergovernmental Commission for the year ended December 31, 2008, and have issued my report thereon dated February 6, 2009. Professional standards require that I provide you with the following information related to my audit.

My Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in my engagement letter dated March 26, 2008, my responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

As a part of my audit, I considered the internal control of Livingston Intergovernmental Commission. Such considerations were solely for the purpose of determining my audit procedures and not to provide any assurance concerning such internal control.

As a part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Livingston Intergovernmental Commission's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my tests was not to provide an opinion on compliance with such provisions.

My responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

I am responsible for communicating significant matters related to the audit that are, in my professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, I am not required to design procedures specifically to identify such matters.

My responsibility for other information in documents containing the entity's financial statements and report does not extend beyond the financial information identified in the report. I do not have an obligation to perform any procedures to corroborate other information contained in these documents, such as management's discussion and analysis and supplementary budgetary statements.

Planned Scope and Timing of the Audit

I performed the audit according to the planned scope and timing previously communicated to you in my Entrance Memorandum about planning matter on November 18, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policy used by Livingston Intergovernmental Commission is described in Note 1 to the financial statements, no new accounting policies were adopted and the application of existing policies was not changed during 2008. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the depreciation expense and useful life of capital assets is based on policy guidelines. I evaluated the key factors and assumptions used to develop the capital asset policy in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of current values of investments in Note 4 to the financial statements. The values presented are market values provided by investment brokers as of December 31, 2008.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No adjustments were identified in the course of my audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated February 6, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the government unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the government unit's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

This information is intended solely for the use of the Board of Commissioners and management of Livingston Intergovernmental Commission and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Leroy J. Chustz

Leroy J. Chustz, CPA, APAC

February 6, 2009